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Are Scarcity Messages Still Effective? An Experimental Comparison with Brand Prominence and Some Moderating Effects

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Rational and Purpose: Scarcity messages such as “for a limited time only” or “while supplies last” have become popular practice in marketing (Byun & Sternquist, 2011). However, whether the effect of scarcity message still works or not is questionable because consumers may feel that if one store is scarce on merchandise, they can easily obtain the item elsewhere in today’s marketplace. Another common strategy is utilizing brand logo prominence with the assumption that the visible brand logo (i.e., high brand prominence) helps ensure that observers recognize the brand, which can increase purchase intentions (Han, Nunes, & Drèze, 2010). However, there is a lack of understanding of the effects of scarcity in comparison to the brand prominence appeal and how the effect may vary by personal characteristics. The purpose of this experimental study was twofold. First, this research tests the effects of i) scarcity and ii) brand prominence on product evaluation where respondents were exposed to one of three experimental conditions (i. brand prominence, no scarcity, ii) no brand prominence and scarcity, and iii) both brand prominence and scarcity). Secondly, based on previous literature, we speculated that a) consumers’ pre-evaluation of a brand and b) level of vertical collectivism would moderate the relationship between experimental conditions and product evaluation.

Hypothesis Development: Brand prominent logos ensure that onlookers recognize the brand worn by the owner and can bring strong social benefits (Han et al., 2010). On the contrary, scarce products may only be understood by a few individuals educated on the rareness of the product. Since scarcity messages are a common marketing practice (Byun & Sternquist, 2011), today’s consumers may not alter their behavior after exposure. Based on this, it is likely that the brand prominence condition will have the greatest influence on product evaluations than the other conditions (H1). Moreover, when consumers have a favorable evaluation of a brand, they place greater value on products made by that brand, which can ultimately guide their consumer behaviors. In this sense, we expect that brand evaluation will moderate the relationship between experimental conditions and product evaluation (H2). Lastly, vertical collectivists are highly concerned with their public image and may use products to display their prestige and status (Wong & Ahuvia, 1998). Considering that scarce and branded products are perceived to hold social value, obtainment of these products can relinquish these values from the product to the owner. Therefore, we hypothesize that vertical collectivism would moderate the relationship between experimental conditions and product evaluation (H3).

Method: College student respondents at a Southeastern University in the U.S. were randomly assigned to one of three experimental conditions and were asked to answer questions via paper survey. Brand prominence was measured by manipulating a picture of the product where the

product had a highly visible brand logo and brand embellishments. When brand prominence was not present, the product had neither a brand logo/embellishments. Scarcity was manipulated through a written scenario. The scarcity scenario described a shopping situation where only one product was left, whereas in the non-scarcity condition supply was not limited. Experimental conditions included: i) brand prominence, no scarcity (n=101), ii) no brand prominence, scarcity (n=103) and iii) brand prominence, scarcity (n=102). Brand evaluation, vertical collectivism and product evaluation were based on previous studies on a 7-point-likert/differential scale.

Findings: ANOVA and Tukey's were used to test hypotheses. All hypotheses were supported.

Condition (H1)	MEAN	Group Difference
(1) Brand Prominence, no scarcity (n=101)	4.519	1-2
(2) No brand prominence, scarcity (n=103)	3.828	
(3) Brand Prominence & Scarcity (n=102)	4.228	
F-Value: 4.953 p-value: .008*		
Condition X Brand Evaluation (H2)		
(1) Brand Prominence X High Brand Evaluation	4.865	1-2, 1-3, 1-5, 1-6
(2) Brand Prominence X Low Brand Evaluation	3.756	
(3) Scarcity X High Brand Evaluation	4.044	
(4) Scarcity X Low Brand Evaluation	3.533	
(5) Brand Prominence & Scarcity X High Brand Evaluation	4.426	
(6) Brand Prominence & Scarcity X Low Brand Evaluation	3.996	
F-Value: 5.772 p-value: .000***		
Condition X Vertical Collectivism (H3)		
(1) Brand Prominence X High Vertical Collectivism	4.400	1-5
(2) Brand Prominence X Low Vertical Collectivism	4.667	
(3) Scarcity X High Vertical Collectivism	4.064	
(4) Scarcity X Low Vertical Collectivism	3.654	
(5) Brand Prominence & Scarcity X High Vertical Collectivism	4.291	
(6) Brand Prominence & Scarcity X Low Vertical Collectivism	4.127	
F-Value: 2.792 p-value: .031*		

Note: The dependent variable is product evaluation

Discussion and Implications: Results suggested that in comparison to messages of scarcity, prominent brand logos increased consumer's evaluations (H1). Also, those who evaluate a brand favorably had higher product evaluations (H2). When considering for vertical collectivism as a moderating variable, brand prominence still produced higher product evaluations (H3). Meaning, regardless of vertical collectivism, brand prominence influences product evaluations the most. We recommend brand managers consider brand prominence as a marketing technique more than messages of scarcity. Brand managers should consider the cultural orientation of their target market when employing scarcity. However, overall, brand prominence is more influential.

References

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